

# MANUAL TRANSMITTAL

## Arkansas Department of Human Services

### Division of County Operations

☒ Policy   
 ☒ Form   
 ☐ Policy Directive

**Issuance Number**    FSC 04-08  
**Food Stamp Certification**    **Manual**   
 **Issuance Date**    08-01-04  
**From:**    Joni Jones   
 **Expiration Date**    Until  
              Director                                Superseded  
**Subj:**    Categorical Eligibility and Fraud Penalties

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	<u>Pages to be deleted</u>	<u>Pages to be added</u>
Front	1851 to 1852	1851 to 1852
Back	1852 to 1920	1852 to 1920
Front	1920 to 1920	1920 to 1920.2
Back	1920 to 1923	1920.2 to 1921
Front	1924 to 1924	1922 to 1924
Back	1925 to 1930	1925 to 1930
*****		
Front	5408 to 5409	5408 to 5409
Back	5409 to 5410	5409 to 5410
Front	5410 to 5411	5410 to 5411
Back	5411 to 5412	5411 to 5412
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Front	16790 to 16800	16790 to 16800
Back	16800 to 16810	16800 to 16810
*****		
Front	16820 to 16840	16820 to 16840
Back	16840 to 16910	16840 to 16920
Front	16920 to 16920	None
Back	None	None
*****		
<b>Forms to be deleted</b>		<b>Forms to be added</b>
DCO-19 (rev. 09/03)		DCO-19 (rev. 08/04)

## Summary of Changes

1. FSC 1852 - This section has been updated with the correct slot numbers for the Central Office Food Stamp Section.
2. FSC 1910 - This section has been updated to agree with the current policy at FSC 8720.
3. FSC 1920 - This policy has been revised so that a household may not be classified as a categorically eligible household if a household member has been disqualified for an IPV or has been convicted for a drug-related felony. Also, language has been added to clarify that ineligible household members will not be included as eligible household members just because the household is categorically eligible.
4. FSC 1920.1 - This is a new section. It provides instructions for classifying households as categorically eligible due to receipt of SSI benefits.
5. FSC 1920.2 - This is a new section. It provides instructions for classifying households as categorically eligible due to receipt of TEA benefits.
6. FSC 1923 - This section has been updated to reflect the new categorical eligibility guidelines.
7. FSC 1924 - This section has been updated to reflect the new categorical eligibility guidelines. In the last paragraph, information has been added to clarify when a manual approval notice must be issued.
8. FSC 5408 - This section has been updated to reflect current policy since educational loans are now excluded as income.
9. FSC 5410 - This section has been revised to clarify the procedures for determining income when food stamp overpayments are recouped from other federal benefits under the Treasury Offset Program (TOP).
10. FSC 16800 - The penalty for trading food stamp benefits for a controlled substance has been changed to 24 months for the first violation and permanently for the second violation. Also, additional information has been added to clarify when a penalty must be imposed for an intentional program violation.
11. FSC 16840 - This policy has been updated with the new guidelines for disqualifying household members found guilty of trading food stamp benefits for controlled substances.
12. DCO-19 - This form has been revised to reflect the new penalties for trading food stamp benefits for controlled substances. It is available on DHS GOLD.

Inquiries to: Betty Helmbeck, Food Stamp Section, 501-682-8284  
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1. Only homeless food stamp households will be permitted to use food stamp benefits to purchase meals prepared by the meal provider. The meal provider must establish the household's right to use food stamp benefits to purchase meals.
2. The use of food stamp benefits to purchase meals from the meal provider must be voluntary on the part of food stamp households.
3. Food stamp households must continue to be given the option of using cash if the meal provider requires payment for a meal.
4. If others have the option of eating free or making a monetary donation, food stamp households must be given this same option - eat free, or donate money or food stamp benefits.
5. The amount requested from food stamp households to purchase meals may not exceed the average cost of the food contained in a meal served by the meal provider. This refers to the direct cost of food used in preparation of meals. It does not include the value of food donated by USDA or private individuals or companies. Neither does it include the costs of transportation, storage or preparation of the food. Average costs will be determined by averaging allowable food costs over a period of up to one calendar month.
6. Meal providers will not be allowed to serve as authorized representatives. See FSC 920.

**1852      Disposition of Homeless Meal Provider Applications**

**08-01-04**

Organizations interested in accepting food stamp benefits from the homeless in payment for prepared meals will be referred to the local county DHS office. The ES Supervisor or designee will issue an *Application for Homeless Meal Provider Status* (DCO-223) to the organization. The organization must complete this form and return it to the county office. After the form has been returned, the ES Supervisor or a designee will visit the feeding site to determine that meals are being served to homeless households. A *Meal Provider Visit Record and Disposal* (DCO-224) will be completed during the visit and routed according to the instructions on the form. Both the DCO-223 and the DCO-224 are available on DHS-Gold.

No organization will be authorized as a meal provider if:

1. The organization does not prepare and serve meals as part of normal service; or
2. The organization serves meals prepared wholly from food donated by U.S.D.A., private companies or individuals; or
3. None of the clientele served by the organization can be classified as homeless as defined in the *Glossary* under the definition of a "Homeless Household."

1

Denials of authorized meal provider status will be reviewed by the Manager, Food Stamp Program, prior to notification of the center. When the DCO County Administrator determines that an organization should not be authorized as a meal provider, one copy of the DCO-223 and all copies of the DCO-224 will be sent to the Manager, Food Stamp Program, Slot S335. If the Manager agrees with the decision to deny authorization, he or she will sign the DCO-224 and return the original and two copies to the county. One copy will be retained in the Food Stamp Section.

If the Manager does not agree with the denial, the Area Director will be contacted. The Area Director will make the final decision about the disposition of the application.

For approvals, both the original DCO-223 and the original DCO-224 will be sent to the Food Stamp Section, Slot S335, and then forwarded by the Food Stamp Section to the U.S. Department of Agriculture, Food and Nutrition Service, Room 3313, Federal Building, Little Rock, AR 72201.

**1900      Classifying Households**

**6-15-98**

Households will be classified in accordance with the provisions of this section.

**1910      Aged/Disabled Household**

**08-01-04**

An aged/disabled household contains at least one member who is age 60 or over or is disabled as defined in the *Glossary* under "Aged/Disabled". The household member who is aged or disabled is entitled to a medical deduction as provided in FSC 6500. Households with an aged/disabled member are entitled to unlimited excess shelter costs. They are not subject to the gross income pretest but must meet the net income standards. See FSC 7600 for an explanation of net income eligibility.

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When all household members are aged **or** disabled (as defined in the *Glossary*) **or** a dependent child age 15 or younger and no household member has earnings, the household may be assigned a 24-month certification period. Each household assigned a certification period in excess of 12 months will be subject to a mid-point review at the end of the first 12-month period. See FSC 11600.

See FSC 8720 for additional information about certification periods.

**1920      Categorically Eligible Households**

**08-01-04**

3

A categorically eligible household is any household in which all members receive (or are authorized to receive) Supplemental Security Income (SSI) or at least one member of the household receives (or is authorized to receive) a Transitional Employment Assistance (TEA) benefit as defined in FSC 1920.2. "Authorized to receive" means that an individual has been determined eligible for benefits and has been notified of this determination even though the benefits have not yet been received. The fact that TEA or SSI benefits have been suspended, recouped, or are less than the minimum amount paid will have no impact on a determination of categorical eligibility.

No household may be classified as a categorically eligible household if:

1. The entire household is institutionalized and the institution is not listed at FSC 1800 as an institution where residents may participate in the Food Stamp Program.

OR

2. Any member of the household is disqualified for an intentional program violation as defined in FSC 16600 and FSC 16800.

OR

3. Any member of the household has been disqualified for a drug-related felony under the provisions in FSC 1622.20.

4

No household member will be included as an eligible member of a categorically eligible household if that member is:

- An ineligible alien as defined in FSC 1621.
- An ineligible student as defined in FSC 1622.2.
- Disqualified for failure to comply with a work registration requirement as defined in FSC 3400.

**1920.1      Categorically Eligible Households - SSI Recipients**

**08-01-04**

See FSC 1920 for restrictions to classifying households as categorically eligible.

Unless otherwise restricted, a household will be classified as a categorically eligible household if all household members (eligible and ineligible) receive or are certified to receive SSI benefits.

Example: A household is composed of a mother and her son. The mother receives SSI benefits, but the son does not. The son is an ineligible student. The household will not be classified as a categorically eligible household.

**1920.2      Categorically Eligible Households - TEA Recipients**

**08-01-04**

5

See FSC 1920 for restrictions to classifying households as categorically eligible.

Unless otherwise restricted, a household will be classified as a categorically eligible household if at least one household member receives (or is authorized to receive) one of the following Transitional Employment Assistance (TEA) benefits:

- Child-care assistance – This is limited to child-care assistance paid to current TEA cash assistance recipients and child-care assistance paid to former TEA cash assistance recipients through extended support services. If a TEA case closes due to employment, the former TEA recipient can receive child-care assistance through extended support services for up to 36 months after the date of closure.
- TEA cash assistance – These monthly payments are available to help meet the family's basic needs while the parent or other adult relative works toward increasing his or her earning potential. An eligible family may receive cash assistance for no longer than 24 months. TEA cash assistance is also available to help meet the needs of children who are being cared for by adult relatives other than a parent. Assistance to such relatives is available without regard to a specified time limit.

- Mentoring services – This service is designed to provide clients with the support needed to move from welfare to work. Mentoring services will be provided as long as it is deemed appropriate by the worker, coordinator and mentee. If the TEA case closes due to employment, these services may be provided for up to six months after the date of closure.
- Case management services and extended case management services – Case management is the process of coordinating and brokering the multiple services needed to achieve progress towards self-sufficiency. Case Managers serve as a point of contact for the client and a point of accountability for the agency. Case management services will be provided to those individuals who need assistance before and after accepting employment. This service will be provided as long as the client is eligible. Extended case management may be provided for up to 12 months after cash assistance has been terminated due to employment.
- Employment Bonus – An Employment Bonus cash payment will be made to any family that becomes income ineligible due to employment or who requests the cash assistance case be closed due to employment. Only one Employment Bonus may be authorized to a family within a 12-month period.
- Transportation assistance – When a TEA case closes due to employment (by agency determination or at the family's request), the family is automatically eligible to receive one month of Extended Support Services (ESS) Transportation assistance. There is no limit to the number of times a family may receive ESS Transportation assistance.
- Job retention payments – When a TEA case closes due to employment, the family may receive, during the 12-month period following case closure, a cash payment for the purpose of enabling the adult to retain his or her job. The amount of payment will be the actual amount needed to resolve the job-related need.

This list is all-inclusive. Other benefits funded in whole or in part by TANF (TEA) funds will not confer categorical eligibility. This definition applies to a finding of eligibility by the county office. This means a household cannot be considered categorically eligible under these rules unless at least one household member made application to receive some type of TEA benefit provided through the DHS county office and was found eligible to receive such benefits.

**1921      Financial Eligibility Factors**

**6-15-98**

A categorically eligible household is not subject to the resource and income limitations of the Food Stamp Program. These households will be considered resource eligible without verification. With regard to income, these households have neither gross nor net income limits. The county office worker must verify the household's income.

**1922      Non-financial Eligibility Factors**

**06-01-01**

If an individual's status as a U.S. citizen or non-citizen national is questionable and was verified for another program, the county office worker will accept participation in that program as proof of citizenship.

Aliens who are otherwise ineligible for food stamp benefits are not made eligible for food stamp benefits because they receive SSI. The citizenship requirements supersede the categorical eligibility requirements of FSC 1920.

A categorically eligible household is considered as having met the social security number information, sponsored alien information and residency requirements for food stamp purposes.

6

**1923      Impact of Categorical Eligibility**

**08-01-04**

If all members receive or have been authorized to receive SSI benefits and the household is otherwise entitled to be categorically eligible per FSC 1920, the household is assumed to have met the Food Stamp Program residency requirements, SSN requirements, resource limits and net income limits. All household members must meet the citizenship requirements of FSC 1621.

If a household is classified as a categorically eligible household because at least one household member receives one of the TEA benefits listed in FSC 1920.2 and the household is otherwise entitled to be categorically eligible per FSC 1920, the household is assumed to have met the Food Stamp Program residency requirements, resource limits and net income limits. However, those household members that receive neither SSI nor TEA benefits must comply with the Food Stamp Program SSN requirements specified in FSC 2200. All household members must meet the citizenship requirements of FSC 1621.

7

**1924      When to Classify Categorically Eligible Households**

**08-01-042**

If all household members receive SSI or if at least one member receives TEA cash assistance and the household is not otherwise forbidden from being classified as a categorically eligible household as specified in FSC 1920, the case will be classified as a categorically eligible household immediately. Otherwise, the county office worker must determine if a household is categorical eligibility if:

- An application for food stamp benefits is about to be denied because the household has resources or income over the Food Stamp Program limits; or
- A food stamp case is about to be closed because the household has resources or income over the Food Stamp Program limit.

Any food stamp application denied or any food stamp case closed due to excess resources or income must contain documentation that the household is not categorically eligible. To assist in the process of applying these rules to households with excess resources or income and documenting the result, a *Categorical Eligibility Test* (DCO-128) will be used. (The DCO-128 may be accessed through DHS GOLD.) A DCO-128 must appear in all food stamp denials and closures if the basis of the denial is excess income or resources. Households with a pending TEA application that have been denied benefits due to excess income or resources will be issued a manual denial notice. The notice must state that if any household member begins receiving TEA benefits, the household may become categorically eligible and that the household may reapply for food stamp benefits.

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**1925      Verification of Categorical Eligibility**

**10-01-03**

For all households, the household's categorical eligibility status will be re-determined when the food stamp case is adjusted to remove the cash assistance payment amount unless these benefits are being recouped or suspended. If the household continues to be categorically eligible due to receipt of or authorization to receive non-cash TEA benefits through the DHS County Office, the food stamp case will not be closed due to excess resources or income. If the household is no longer categorically eligible, the case will be closed if the household's income or resources exceed Food Stamp Program limits.

For households receiving or authorized to receive non-cash TEA benefits through the DHS County Office (even if these benefits are being recouped or have been suspended), the household's categorical eligibility status will be reviewed when the semi-annual report is submitted. If the household is not subject to semi-annual reporting, categorical eligibility will end when the household stops receiving TEA benefits unless these benefits are being recouped or suspended. Each county should devise some method of monitoring categorically eligible cases so that ineligible households do not continue receiving food stamp benefits when categorical eligibility ends.

If questionable, the worker will verify that the household contains at least one member who receives a TEA benefit authorized through the DHS County Office or contains only members who are SSI recipients. If questionable, the worker will also verify that the household meets the definition of a household as provided in FSC 1630.

**1930      Regular Households**

**6-15-98**

Regular households are all food stamp households that meet neither the aged/disabled criteria nor the categorical eligibility criteria.



**Loans/Non-Recurring Lump-Sum Payments**

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**5408      Loans****08-01-04****8**

All loans are excluded as income. This includes loans from private individuals as well as commercial loans. A formal repayment agreement is not required. However, the intent to repay the loan must exist.

Example: A household member receives a loan from his brother in the amount of \$1,600.00 for the purpose of buying a stereo system. The total amount of the loan is to be repaid. There were no documents signed since both parties verbally agreed to the terms. The amount of the loan (\$1,600) is totally excluded as income to the household.

See FSC 5415 for instructions on verifying loans.

See FSC 4950, Lump Sum Payments, for instructions on handling the receipt of loans.

**5409      Non-Recurring Lump Sum Payments****01-01-00**

One-time lump sum payments are excluded as income. Examples of lump sum payments include, but are not limited to, the following payments:

1. Federal and state income tax refunds, rebates, or credits.
2. Child support when received as the result of the interception of a state or federal income tax refund. Other child support payments will be handled as explained in FSC 5704.
3. Refunds of security deposits on rent or utilities.
4. Lump sum insurance payments such as, but not limited to, settlements for damages to a household member's property, life insurance payoffs, crop insurance payments and lump sum Worker's Compensation settlements.
5. Loans.
6. One-time payments for damages received through a court or through an out of court settlement.
7. Cash gifts, awards, or prizes when received on a one-time basis. See FSC 5709 for instructions on handling recurring payments.
8. The proceeds (net) from the sale of personal property when payment is received on a one-time basis. See FSC 5710 when payments are received in installments.
9. Work incentive payments received upon the completion of the program.

**Non-Recurring Lump Sum Payments/Recoupments**

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10. Retroactive Social Security or Railroad Retirement payments or any other retroactive benefit payment. TEA and SSI lump sum payments will be excluded as a resource so long as the recipient continues to be eligible for the benefit. See FSC 4451 for instructions. If the recipient is no longer eligible for TEA or SSI, the lump sum payment will be considered a resource.
11. Retroactive wages (net) paid on a one-time basis to correct a previous underpayment or to otherwise adjust wages.
12. Vacation pay (net) when received as a one-time payment after termination or layoff.
13. Severance pay (net) when received as a one-time payment. (See FSC 5716 for instructions on handling severance pay received in installments.)
14. Salary bonuses (net) that cannot be considered to be annual bonuses. See FSC 5502 for additional information.
15. Transitional Employment Assistance (TEA) Diversion Assistance Payments.

Non-recurring lump-sum payments excluded as income must be counted as a resource in the month received, unless specifically excluded as a resource by Federal statute or regulation. See FSC 4450 for a list of resources excluded by law.

See FSC 4951 for instructions on handling lump-sum payments.

**5410      Recoupments****08-01-04**

A recoupment is the voluntary or involuntary return of money from an assistance payment, earned income or other income source to repay a previous overpayment received from that income source. Monies being withheld from a social security, SSI benefit or other federal payments to repay a food stamp overpayment under the Treasury Offset Program (TOP) will NOT be excluded as income. The gross benefit amount must be counted in the food stamp budget. See FSC 15930 for information about the TOP Program.

Monies currently being recouped are excluded as income if both of the following conditions are met.

Condition 1 - The income in which the overpayment occurred must not have been excluded in the food stamp budget at the time of overpayment.

Example – The Office of Child Support Enforcement (OCSE) determined that a child support recipient was overpaid because she kept child support payments for a child who was receiving TEA cash assistance. These child support payments were excluded as income in the food stamp budget at the time this overpayment occurred. The household no longer receives TEA cash assistance but does continue to receive child support through OCSE. Part of this child support is being recouped to repay the overpayment. Since the child support payments were excluded as income in the food stamp budget at the time of the overpayment, the gross child support income (including the amount being recouped) will be counted in the current food stamp budget.

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Condition 2 - For an overpayment in TEA (or AFDC) benefits, SSI benefits or HUD assistance, the overpayment must not be classified as an Intentional Program Violation (IPV). The agency administering the program makes the decision whether or not to classify an overpayment as an IPV. (DHS does conduct administrative hearings to determine fraud in TEA cases. See TEA 8100.) When the agency administering the program cannot or will not tell the county office worker if an overpayment is classified as an IPV, the county office worker will assume this condition has been met. See the next paragraph for additional information about SSI recoupments.

Federal programs must have a process such as an administrative hearing in place to legally determine that an IPV has occurred. The Social Security Administration does not currently classify overpayments as an IPV through an administrative process. Therefore, any portion of a SSI benefit that is being recouped to repay an SSA or an SSI overpayment will be excluded as income even if it appears that the household was at fault for the overissuance.

Monies are being recouped from a social security check to repay an SSI overpayment will also be excluded as income in the food stamp budget even if household was at fault for the SSI overpayment.

If the income was excluded in the food stamp budget at the time the overpayment occurred **OR** if this is a TEA, AFDC, or HUD overpayment that is classified as an IPV through an administrative hearing, the full gross amount of the income (including the amount being recouped) will be counted in the food stamp budget.

**5411      Reimbursements**

**01-01-00**

Payments which cover past or future expenses are excluded as income if the payment does not exceed the actual expense and does not represent a gain or benefit. This does not apply to reimbursements for normal living expenses such as rent, utilities, personal clothing, etc. (No portion of a TEA cash assistance payment will be excluded as a reimbursement for past or future expenses.)

To be excluded, the payment must be for a specifically identified expense and used for the purpose intended. Any portion of the payment that exceeds the actual incurred expense or covers normal living expenses is considered income. A payment is not considered excessive unless the provider or the household indicates the amount is excessive. When a payment covers several expenses, each expense does not have to be separately identified provided the payment covers only normal living expenses.

Some, but not all, excludable reimbursements are listed below:

- Reimbursements or flat allowances for job related expenses such as travel, per diem, uniforms, or transportation to and from a job or a training site.

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- Reimbursements for out-of-pocket expenses incurred by volunteers during the course of volunteer work.
  - Medical or dependent care reimbursements.
  - Reimbursements received by households to pay for services provided by Title XX of the Social Security Act.
  - Utility reimbursements made by the Department of Housing and Urban Development (HUD) and the Farmers Home Administration (FMHA).

See FSC 1622.3 for information about handling reimbursements received by students. See FSC 5713 for information about handling reimbursements for normal living expenses.

**5412      Third-Party Beneficiary**

**07-01-03**

A beneficiary is an individual for whom a gain or benefit is intended.

An individual who receives an entitlement check such as VA or SSA is usually the intended beneficiary. However, in some cases, the intended beneficiary does not actually receive the income. Another individual is designated to receive the income as a payee and to use the income for the care and maintenance of the intended beneficiary. In these cases the intended beneficiary is called a third-party beneficiary.

Money received for the care and maintenance of a third party beneficiary who is not a household member is excluded to the extent that the money is actually used for the care and maintenance of the beneficiary.

Example 1 - Mr. Smith is the payee for his brother's SSI check. Mr. Smith and his brother do not live together. Mr. Smith states that he uses all of the SSI check to meet his brother's needs. None of the SSI check would be counted as income in Mr. Smith's food stamp case.

If the intended beneficiaries of a single payment are both household and non-household members, any identifiable portion of the payment intended and used for the care and maintenance of the non-household member is excluded.

Example 2 - Ms. Conway receives Social Security for herself and one child. Ms. Conway is enrolled in college. She lives on campus and the child lives with its grandmother. The grandmother receives food stamps. Ms. Conway states that she keeps \$100 of the social security payment and gives \$100 to the grandmother to take care of her child. \$100 will be counted in the grandmother's food stamp case.

If the non-household member's share cannot be readily identified, the payment will be evenly prorated among the intended beneficiaries. The amount excluded will be the lesser of the household member's pro rata share or the amount actually used for non-household member's care and maintenance.

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**16790      The Decision      12-01-00**

The hearing officer will prepare a decision based on a comprehensive report of the proceedings. The format will consist of an introduction, findings of facts, conclusions of law, and a decision. The administrator of the Office of Appeals and Hearings may review and sign the order.

**16791      Timely Action      12-01-00**

Final action (including arriving at a decision and initiating administrative action) must be taken within 90 days of the date the household member is notified in writing that an administrative disqualification hearing has been scheduled.

**16792      Absence of Intentional Program Violation      12-01-00**

If the decision is that no IPV has occurred, the household member will be so notified by the Office of Appeals and Hearings in writing. A copy of the decision will be sent to the county office, the Overpayments Unit and to the Fraud Investigation Section if this section was involved in the case.

**16793      Finding of Intentional Program Violation      12-01-00**

If the decision is that an IPV has occurred, the original hearing decision and one copy will be sent to the appropriate county office. Copies will also be sent to the Overpayments Unit, to the household and to the Fraud Investigation Section if this section has been involved.

NOTE: The copy is sent to the household for informational purposes only. The county is still obligated to send the original decision to the household as instructed in FSC 16800.

10

**16800      Imposing the Disqualification - County Office Actions      08-01-04**

See FSC 16830 when an individual signs a waiver of their right to an administrative hearing. See FSC 16840 when an individual is found guilty of an IPV through a decision of a court.

An individual found to have committed an intentional program violation (IPV) through the administrative disqualification hearing process will be disqualified from participating in the Food Stamp Program. When the county office receives a hearing decision that an IPV has occurred, a period of disqualification will be imposed against the individual who committed the violation. For offenses that occurred or began on or after October 1996, the disqualification periods are listed below:

- One year for the first violation
- Two years for the second violation
- Permanently for the third violation

For offenses that occurred or began prior to March 1979, no disqualification will be imposed. For offenses that occurred or began during the period from March 1979 to September 1983, the disqualification will be three months regardless of the number of offenses. For offenses that occurred or began during the period from October 1983 to September 1996, the disqualification will be six months for the first offense, twelve months for the second offense, and permanent for the third offense.

For certain offenses there are specific penalties. See the chart below.

<b>Offense</b>	<b>Penalty</b>
Having been found by a Federal, State or local court to have used or received food stamp benefits in a transaction involving the sale of a controlled substance as defined in section 102 of the Controlled Substance Act (21 U.S.C. 802).	<ul style="list-style-type: none"><li>• 24 months for the first violation</li><li>• Permanent disqualification for the second violation</li></ul>
Having been found by a Federal, State or local court to have used or received benefits in a transaction involving the sale of firearms, ammunition or explosives.	Permanent disqualification
Convicted in a Federal, State or local court of having trafficked benefits for an aggregate amount of \$500 or more.	Permanent disqualification
Making a fraudulent statement or representation with respect to identity or residence in order to receive multiple benefits simultaneously (duplicate participation).	10 year disqualification

Only the household member found to have committed an IPV will be disqualified. Remaining members may participate if otherwise eligible. The disqualification will be effective on the first day of the month following the month in which the household member received written notification of the hearing decision. Once imposed, a disqualification period continues uninterrupted until completed regardless of whether the food stamp case is open or closed.

Upon receipt of a decision, the worker will establish a disqualification period that begins with the month following the month the household received the hearing decision. Then the worker will recalculate the household's budget in accordance with FSC 1623.2. Last, the worker will complete and route the *Action Taken on Your Fraud Hearing* (DCO-256) and *Food Stamp Disqualified Recipient Report* (DCO-19).

An advance notice of adverse action is not required when a disqualification is imposed. The DCO-256 serves as notification of the disqualification period and the resulting change in benefit amount. The DCO-19 must be completed according to the instructions on the form and routed within 10 days of receipt of an IPV decision. The original DCO-19 is routed to the Manager, Food Stamp Program, Central Office, Food Stamp Section, mail slot S335. A copy of the DCO-19 will be filed in the case record and retained for three years from the date the disqualification ends. For a permanent disqualification, the form is retained indefinitely.

**16810      Disqualified Recipient System (DRS)**

**12-01-00**

The Disqualified Recipient System (DRS) is an automated system that contains information about individuals disqualified from participating in the Food Stamp Program due to an IPV.

A *Food Stamp Disqualified Recipient Report*, DCO-19, must be routed to the Central Office, Food Stamp Section, where the form will be keyed to a DRS data file. The DRS file is transmitted to the Department of Agriculture, Food and Nutrition Services (FNS) National Computer Center in Kansas City each month.

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If the household agrees to make restitution, but fails to do so, the household's food stamp benefit amount will be reduced to recoup the overpayment. (The household may also choose to make restitution through recoupment.) Either 20% of the household's monthly food stamp benefit amount or \$10.00, whichever is greater, will be recouped. If the household stops participating in the Program while the overpayment is being recouped, equivalent cash payments will be required until the overpayment is completely repaid.

See FSC 15530 for additional information on collection of overpayments.

**16830      Imposition of Disqualification When a Waiver is Signed**

**12-01-00**

If the accused individual signs the *Waiver of Hearing and Disqualification Agreement* (DHS-267) within the specified time frames, the individual will be disqualified as instructed in FSC 1623.2.

The original signed waiver is routed to the Overpayment Unit. Two copies are sent to the appropriate county office. One copy will be filed in the case record. The second copy will be sent to the disqualified individual with a completed *Action Taken on Your Administrative Disqualification Hearing/Waiver* (DCO-256).

The period of disqualification will begin with the first month following the month during which the household member received written notification of the disqualification. (Unless the Fraud Investigations Unit can reasonably expect to get a waiver packet to the county by the 20th of the month, the Fraud Investigations Unit will delay imposition of the penalty until the following month.) If appropriate, the household's certification period will be shortened to end in the month when the disqualification ends. The household of the disqualified member is liable for the overissuance resulting from the IPV.

The Overpayment Unit will contact households that complete the DCO-257 to arrange for repayment to begin. A *Food Stamp Intentional Program Violation Repayment Agreement* (DHS-254) will be issued to the household.

See FSC 16800 for complete instructions on disqualifying a household member for IPV.

**16840      Court Imposed Disqualification**

**08-01-04**

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DCO will disqualify an individual found by a court of law to have committed an IPV for the length of time specified by the court. If the court does not impose a disqualification period, DCO will impose a disqualification period in accordance with FSC 16800. Individuals found guilty in a federal, state or local court of trading food stamps for controlled substances will be disqualified for 24 months for the first violation and permanently for the second violation unless the court imposes a specific period of disqualification. Individuals found guilty by a court of trading firearms, ammunition or explosives for food stamps will be subject to permanent disqualification unless the court imposes a shorter disqualification period.

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When a court finds that a household member has committed an IPV, the Fraud Investigation Section will inform the county office by memo, with a copy to the Overpayments Unit. Upon receipt of the memo, the county office will immediately complete a *Notice of Court Decision* (DCO-259), and send it to the disqualified household member to initiate the disqualification.

NOTE: Court decisions that specify that NO disqualification is to be imposed do not require a DCO-259.

The budget will be recalculated. The income and resources of the disqualified member will be handled according to procedures described in FSC 1623.2.

A *Food Stamp Intentional Program Violation Repayment Agreement* (DCO-254) will be sent to the household by the Overpayments Unit upon notification of a finding of an IPV by a court of law.

**16900      Appeal Rights After the Hearing**

**12-01-00**

No further administrative appeal procedure exists after an adverse decision through an administrative disqualification hearing. Another administrative disqualification hearing cannot reverse the determination of an IPV resulting from an administrative disqualification hearing. The household member is, however, entitled to seek relief in a court having appropriate jurisdiction since the period of disqualification may be subject to change through a court decision.

**16910      Judicial Review**

**12-01-00**

An individual found guilty of an IPV through an administrative disqualification hearing has the right to judicial review.

Within 30 days from the date the petitioner received the decision a petition must be filed in the circuit court of any county in which the petitioner lives or does business or in the circuit court of Pulaski County. Copies of the petition are served on the Agency and other parties of record by personal delivery or mail.

Within 30 days from the date of the service of the petition on the agency or additional time granted by the court, not to exceed 90 days total, DCO must transmit to the court, the original or a certified copy of the entire record of the hearing under review.

The review shall be conducted by the court without jury and will be confined to the record unless a question of irregularity in the procedure exists which is not indicated in the record. Testimony may then be taken before the court.

**16920      Reversed Disqualification**

**12-01-00**

In cases where the conviction of an individual for IPV is reversed by a court of appropriate jurisdiction, DCO will reinstate the individual in the Program if the household is otherwise eligible. Benefits that were lost as a result of the disqualification will be restored in accordance with the procedures specified in FSC 13330. If an administrative disqualification hearing decision is reversed, the county office will be advised so that any disqualification can be ended.



**ARKANSAS DEPARTMENT OF HUMAN SERVICES**  
**FOOD STAMP DISQUALIFIED RECIPIENT REPORT**

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**Worker Number** \_\_\_\_\_ **Worker Signature** \_\_\_\_\_ **Date** \_\_\_\_\_



## INSTRUCTIONS - DCO-19

- **All dates must be entered in the order of month, day, century, and year. For example, August 5, 2003 should be entered as 08/05/2003.**

### **SECTION I - IDENTIFICATION**

- **Social Security Number** - Enter the social security number of the disqualified individual.
- **Change SSN to** - If the individual's SSN has changed or needs correction, enter the changed or corrected SSN.
- **Date of Birth** - Enter the date of the disqualified individual as MM/DD/CCYY.
- **Sex** - Enter M for male for F for female.
- **County Code** - Enter the county code for the county where the case record is located.

### **SECTION II - ACTION**

- **Action** - Enter the appropriate code for the function being performed:
  - A** - Add disqualified individual not previously listed on a DCO-19.
  - C** - Change any item on an existing record for a disqualified individual.
  - D** - Delete an existing report on a disqualified individual. For example, when a court has reversed a decision on a case.
- **Types of Offenses** - Enter the letter from Section III that identifies the type of offense.
- **Disqualification Number** - Enter the appropriate code.
  - 1 - First offense (includes all offenses that occurred before April 1, 1983)
  - 2- Second offense
  - 3- Third offense
- **Date Decision Rendered** - Enter the date the disqualification hearing decision was rendered as MM/DD/CCYY.
- **Length of Disqualification** - Enter the number of months in the disqualification period using two digits: 12, 24, 97 (120 months), 98 (court imposed disqualification - not a standard length) or 99 (permanent).
- **Date Disqualification Starts** - Enter the date the disqualification period started as MM/DD/CCYY. If the disqualification has not started, enter all 9's.

### **SECTION III - TYPE OF OFFENSES**

- Put a check in the box next to the type of offense.  
**NOTE: "A" and "D" are reserved codes. Do not use.**

**WORKER NUMBER** - Enter your four-digit worker number.

**WORKER SIGNATURE** - Sign and date the form.

### **Routing and Retention**

The original form is routed to the Central Office, Food Stamp Section, Mail Slot S335. A copy of the form is filed in the case record and retained for 3 years following the month the disqualification ends or permanently if the disqualification is permanent.